

Senate File 2319 - Introduced

SENATE FILE 2319

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 483)

(SUCCESSOR TO SF 143)

A BILL FOR

- 1 An Act relating to an alternative fuel vehicle facility income
- 2 tax credit and including applicability provisions.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2016, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 51. *a.* A taxpayer taking a depreciation
4 allowance under section 168 of the Internal Revenue Code for
5 property described in section 422.11G is not allowed to take
6 the allowance for purposes of this division to the extent that
7 a tax credit is taken for the purchase and installation of
8 the property under section 422.11G. If a credit is taken for
9 the purchase and installation of the property under section
10 422.11G, the taxpayer shall add the amount of the allowance
11 taken on such property to the extent of the amount of the
12 credit.

13 *b.* A taxpayer taking an expensing allowance under section
14 179 of the Internal Revenue Code for property described in
15 section 422.11G is not allowed to take the allowance for
16 purposes of this division to the extent that a tax credit
17 is taken for the purchase and installation of such property
18 under section 422.11G. If a credit is taken for the purchase
19 and installation of the property under section 422.11G, the
20 taxpayer shall add the amount of the allowance taken on such
21 property to the extent of the amount of the credit.

22 *c.* This subsection is repealed on January 1, 2025.

23 Sec. 2. NEW SECTION. 422.11G **Alternative fuel vehicle**
24 **facility tax credit.**

25 1. As used in this section, unless the context otherwise
26 requires:

27 *a.* "*Alternative fuel*" means electricity, compressed natural
28 gas, or liquid propane gas.

29 *b.* "*Motor vehicle*" means a vehicle that is self-propelled,
30 including but not limited to automobiles, trucks, motorcycles,
31 all-terrain vehicles, and implements of husbandry.

32 2. The taxes imposed under this division, less the
33 credits allowed under section 422.12, shall be reduced by an
34 alternative fuel vehicle facility tax credit. In order to be
35 eligible to claim the tax credit, the taxpayer must comply with

1 this section and rules adopted by the director pursuant to
2 chapter 17A necessary to administer and enforce this section.

3 3. a. The taxpayer claiming the alternative fuel vehicle
4 facility tax credit on an agricultural basis as provided in
5 subsection 11 must purchase and install any of the following:

6 (1) An electric vehicle facility located in this state that
7 serves a motor vehicle designed by the manufacturer to operate
8 using electricity.

9 (2) A natural gas vehicle facility located in this state
10 that serves a motor vehicle that is any of the following:

11 (a) Designed by the manufacturer to operate using
12 compressed natural gas.

13 (b) An aftermarket alternative fuel vehicle converted
14 to operate using compressed natural gas if the conversion
15 equipment is certified by the United States environmental
16 protection agency, including as provided in 40 C.F.R. pt. 85.

17 (3) A liquid propane gas vehicle facility located in this
18 state that serves a motor vehicle that is any of the following:

19 (a) Designed by the manufacturer to operate using liquid
20 propane gas.

21 (b) An aftermarket alternative fuel vehicle converted to
22 operate using liquid propane gas if the conversion equipment is
23 certified by the United States environmental protection agency,
24 including as provided in 40 C.F.R. pt. 85.

25 b. The taxpayer claiming the tax credit on a commercial
26 basis as provided in subsection 11 must purchase and install
27 any of the following:

28 (1) An electric vehicle facility located in this state that
29 serves a motor vehicle designed by the manufacturer to operate
30 using electricity.

31 (2) A natural gas vehicle facility located in this state
32 that serves a motor vehicle that is any of the following:

33 (a) Designed by the manufacturer to operate using
34 compressed natural gas.

35 (b) An aftermarket alternative fuel vehicle converted

1 to operate using compressed natural gas if the conversion
2 equipment is certified by the United States environmental
3 protection agency, including as provided in 40 C.F.R. pt. 85.

4 (3) A liquid propane gas vehicle facility located in this
5 state that serves a motor vehicle that is any of the following:

6 (a) Designed by the manufacturer to operate using liquid
7 propane gas.

8 (b) An aftermarket alternative fuel vehicle converted to
9 operate using liquid propane gas if the conversion equipment is
10 certified by the United States environmental protection agency,
11 including as provided in 40 C.F.R. pt. 85.

12 c. The taxpayer claiming the tax credit on a residential
13 basis as provided in subsection 11 must purchase and install
14 an electric vehicle facility located in this state that serves
15 a motor vehicle designed by the manufacturer to operate using
16 electricity.

17 4. a. In order to claim an alternative fuel vehicle
18 facility tax credit, the taxpayer must apply to be issued a
19 tax credit certificate by the department. The tax credit
20 certificate must be included with the taxpayer's return. The
21 department may require supporting documentation to be included
22 with the application. The department shall issue the tax
23 credit certificate to the taxpayer in the taxpayer's name. The
24 tax credit certificate is not transferable. The tax credit
25 certificate shall include all of the following:

26 (1) The taxpayer's name, address, and tax identification
27 number.

28 (2) The type of infrastructure, equipment, or machinery
29 purchased and installed.

30 (3) The amount of the tax credit being claimed.

31 (4) The date that the installation of the alternative fuel
32 vehicle facility was completed.

33 (5) Any other information required by the department.

34 b. A taxpayer claiming an alternative fuel facility tax
35 credit on an agricultural or commercial basis in three equal

1 installments in three consecutive tax years pursuant to
2 subsection 11 shall include documentation included with the
3 taxpayer's tax return in the second and third tax year that
4 verifies that the alternative fuel vehicle facility has not
5 been taken out of service.

6 *c.* The department shall adopt rules establishing the
7 contents of applications and documentation required to be filed
8 with the department under this section, and criteria for the
9 receipt of the applications or documentation.

10 5. The aggregate amount of tax credit certificates that
11 may be issued pursuant to this section shall not exceed five
12 million dollars for all tax years that the tax credit is
13 available under this section. The department shall issue the
14 tax credit certificates to qualified applicants as follows:

15 *a.* Two million dollars for electric vehicle facilities in
16 which installation is completed between January 1, 2017, and
17 December 31, 2019. However, the following limitations shall
18 apply:

19 (1) The department shall not issue tax credit certificates
20 to a taxpayer for electric vehicle facilities on an
21 agricultural basis equal to more than two hundred thousand
22 dollars in the aggregate.

23 (2) The department shall not issue tax credit certificates
24 to a taxpayer for electric vehicle facilities on a commercial
25 basis equal to more than four hundred thousand dollars in the
26 aggregate.

27 (3) The department shall not issue tax credit certificates
28 to a taxpayer for electric vehicle facilities on a residential
29 basis equal to more than two hundred thousand dollars in the
30 aggregate.

31 *b.* Two million dollars for natural gas vehicle facilities in
32 which installation is completed between January 1, 2017, and
33 December 31, 2019. However, the following limitations shall
34 apply:

35 (1) The department shall not issue tax credit certificates

1 to a taxpayer for natural gas vehicle facilities on an
2 agricultural basis equal to more than two hundred thousand
3 dollars in the aggregate.

4 (2) The department shall not issue tax credit certificates
5 to a taxpayer for natural gas vehicle facilities on a
6 commercial basis equal to more than four hundred thousand
7 dollars in the aggregate.

8 c. One million dollars for liquid propane gas vehicle
9 facilities in which installation is completed between January
10 1, 2017, and December 31, 2018. However, the following
11 limitations shall apply:

12 (1) The department shall not issue tax credit certificates
13 to a taxpayer for liquid propane gas vehicle facilities on an
14 agricultural basis equal to more than two hundred thousand
15 dollars in the aggregate.

16 (2) The department shall not issue tax credit certificates
17 to a taxpayer for liquid propane gas vehicle facilities on
18 a commercial basis equal to more than four hundred thousand
19 dollars in the aggregate.

20 d. Notwithstanding paragraph "c", on and after January 1,
21 2019, the aggregate amount of tax credit certificates that
22 have not been issued to taxpayers for liquid propane gas
23 vehicle facilities shall be issued to qualified applicants for
24 installations of alternative fuel vehicle facilities completed
25 between January 1, 2017, and December 31, 2019. All of the
26 following shall apply:

27 (1) A taxpayer is eligible to be issued a tax credit
28 certificate under this paragraph "d" regardless of whether it is
29 for electric vehicle facilities on an agricultural, commercial,
30 or residential basis; natural gas vehicle facilities on an
31 agricultural or commercial basis; or liquid propane gas vehicle
32 facilities on an agricultural or commercial basis.

33 (2) A taxpayer is eligible to be issued tax credit
34 certificates under this paragraph "d", subject to the
35 applicable aggregate dollar limitations on tax credit

1 certificate amounts in paragraphs "a" through "c". However,
2 paragraph "b", subparagraph (2), does not apply to limit the
3 aggregate amount of tax credit certificates that a taxpayer
4 may receive for installing natural gas vehicle facilities on a
5 commercial basis.

6 (3) A taxpayer shall not be issued a tax credit certificate
7 under this paragraph "d" for an alternative fuel vehicle
8 facility for which the taxpayer had already been issued a tax
9 credit certificate prior to January 1, 2019.

10 6. A taxpayer is eligible to receive a tax credit
11 certificate only if all of the following apply:

12 a. Installation of the alternative fuel vehicle facility is
13 completed between January 1, 2017, and December 31, 2019.

14 b. Installation of the alternative fuel vehicle facility is
15 completed on or before the date when the application for the
16 tax credit certificate is submitted.

17 c. The alternative fuel vehicle facility complies with
18 any applicable federal and state standards and the latest
19 applicable and available ASTM international specifications on
20 the date that the installation was completed.

21 d. The application does not seek an alternative fuel
22 vehicle facility tax credit for the repair or expansion of an
23 alternative fuel vehicle facility.

24 7. The department may approve an eligible application and
25 issue a tax credit certificate to a taxpayer for completing
26 installation of more than one alternative fuel vehicle facility
27 at different locations or at the same location so long as the
28 alternative fuel vehicle facility is separate and distinct from
29 any other alternative fuel vehicle facility.

30 8. a. The department shall accept and approve eligible
31 applications for tax credit certificates on and after May 1,
32 2017. However, the department shall not issue tax credit
33 certificates to qualified applicants prior to July 1, 2017, and
34 taxpayers shall not claim the alternative fuel vehicle facility
35 tax credit prior to September 1, 2017.

1 *b.* The department shall issue tax credit certificates under
2 paragraph "a" on a first-come, first-served basis. Eligible
3 applications that were approved by the department beginning
4 on May 1, 2017, and ending December 31, 2018, but for which
5 tax credit certificates were not issued under subsection 5,
6 paragraphs "a" and "b", due to lack of funding, shall be placed
7 on a wait list in the order the eligible applications were
8 received by the department and shall be given priority for
9 being issued tax credit certificates on and after January 1,
10 2019, from moneys available under subsection 5, paragraph "d".

11 9. *a.* The alternative fuel vehicle tax credit is limited
12 to the cost of purchasing and installing infrastructure,
13 equipment, or machinery used to store, dispense, dry, or meter
14 an alternative fuel that serves motor vehicles. For electric
15 vehicle facilities, this may include charging equipment,
16 connection devices, and batteries. For natural gas vehicle
17 facilities, this may include storage tanks, pipes, compressors,
18 dryers, and vaporizers. For liquid propane gas vehicle
19 facilities, this may include storage tanks, dispensers, pumps,
20 and motors.

21 *b.* The tax credit is not available for costs related to
22 the acquisition of real property or to the remodeling or
23 expansion of a building. The tax credit is available for costs
24 related to rewiring, so long as the costs are limited to those
25 necessary to place in service an electric vehicle facility.

26 10. Subject to the limitations described in subsection 5,
27 the amount of the alternative fuel vehicle facility tax credit
28 equals thirty percent of the total cost to the taxpayer of
29 purchasing the infrastructure, equipment, or machinery and
30 thirty percent of the total cost to the taxpayer of installing
31 the infrastructure, equipment, or machinery.

32 11. The alternative fuel vehicle facility tax credit may
33 be claimed by a taxpayer on an agricultural, commercial, or
34 residential basis as follows:

35 *a.* A taxpayer may claim the tax credit on an agricultural

1 basis if the alternative fuel vehicle facility is located on
2 land primarily used in the production of a crop as defined
3 in section 202.1 or livestock as defined in section 717.1.
4 The alternative fuel vehicle facility must be used by an
5 agricultural producer as defined in section 15E.202 or a
6 person under the management of the agricultural producer.
7 The tax credit must be taken in equal installments in three
8 consecutive tax years, beginning with the tax year that the
9 taxpayer completed installation of the alternative fuel vehicle
10 facility. However, if the taxpayer's application for a tax
11 credit certificate was placed on a wait list pursuant to
12 subsection 8, the taxpayer must claim the tax credit beginning
13 with the tax year that the tax credit certificate is issued.
14 If any part of the alternative fuel vehicle facility is taken
15 out of service and not immediately replaced and the facility
16 placed back in service, the tax credit expires and the taxpayer
17 cannot take any remaining installment of the tax credit.

18 *b.* A taxpayer may claim the tax credit on a commercial
19 basis if the alternative fuel vehicle facility is part of a
20 business selling alternative fuel on a retail basis, or may
21 claim the tax credit if the alternative fuel vehicle facility
22 is used by a business for its own vehicle fleet or employees.
23 The tax credit must be taken in equal installments in three
24 consecutive tax years, beginning with the tax year that the
25 taxpayer completed installation of the alternative fuel vehicle
26 facility. However, if the taxpayer's application for a tax
27 credit certificate was placed on a wait list pursuant to
28 subsection 8, the taxpayer must claim the tax credit beginning
29 with the tax year that the tax credit certificate is issued.
30 If any part of the alternative fuel vehicle facility is taken
31 out of service and not immediately replaced and the facility
32 placed back in service, the tax credit expires and the taxpayer
33 cannot take any remaining installment of the tax credit.

34 *c.* A taxpayer may claim the tax credit on a residential
35 basis only for an electric vehicle facility that is for

1 personal, family, or household use as part of the taxpayer's
 2 primary residence. The entire amount of the tax credit
 3 must be claimed in the tax year that the taxpayer completed
 4 installation of the electric vehicle facility. However, if the
 5 taxpayer's application for a tax credit certificate was placed
 6 on a wait list pursuant to subsection 8, the taxpayer must
 7 claim the tax credit beginning with the tax year that the tax
 8 credit certificate is issued.

9 12. Any tax credit in excess of the taxpayer's tax liability
 10 shall be refunded. In lieu of claiming a refund, the taxpayer
 11 may elect to have the overpayment shown on the taxpayer's
 12 final, completed return credited to the tax liability for the
 13 following tax year.

14 13. An individual may claim the tax credit allowed a
 15 partnership, limited liability company, S corporation, estate,
 16 or trust electing to have the income taxed directly to the
 17 individual. The amount claimed by the individual shall be
 18 based upon the pro rata share of the individual's earnings of
 19 the partnership, limited liability company, S corporation,
 20 estate, or trust.

21 14. This section is repealed on January 1, 2025.

22 Sec. 3. Section 422.33, Code 2016, is amended by adding the
 23 following new subsection:

24 NEW SUBSECTION. 11. The taxes imposed under this division
 25 shall be reduced by an alternative fuel vehicle facility tax
 26 credit allowed for each tax year that the taxpayer is eligible
 27 to claim the tax credit under this subsection.

28 a. The taxpayer must claim the tax credit on an
 29 agricultural, commercial, or residential basis in the same
 30 manner as provided in section 422.11G. The taxpayer must claim
 31 the tax credit according to the same requirements, for the same
 32 amount, and for the same period as provided in section 422.11G.
 33 The amount of the tax credit shall be calculated in the same
 34 manner as provided in section 422.11G. A taxpayer claiming a
 35 tax credit on an agricultural or commercial basis is subject

1 to the same penalty for taking the alternative fuel vehicle
2 facility out of service as provided in section 422.11G.

3 *b.* This subsection is repealed on January 1, 2025.

4 Sec. 4. Section 422.35, Code 2016, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 15. *a.* A taxpayer taking a depreciation
7 allowance under section 168 of the Internal Revenue Code for
8 property described in section 422.33, subsection 11, is not
9 allowed to take the allowance for purposes of this division
10 to the extent that a tax credit is taken for the purchase and
11 installation of the property under section 422.33, subsection
12 11. If a credit is taken for the purchase and installation of
13 the property under section 422.33, subsection 11, the taxpayer
14 shall add the amount of the allowance taken on such property to
15 the extent of the amount of the credit.

16 *b.* A taxpayer taking an expensing allowance under section
17 179 of the Internal Revenue Code for property described in
18 section 422.33, subsection 11, is not allowed to take the
19 allowance for purposes of this division to the extent that a
20 tax credit is taken for the purchase and installation of such
21 property under section 422.33, subsection 11. If a credit
22 is taken for the purchase and installation of the property
23 under section 422.33, subsection 11, the taxpayer shall add the
24 amount of the allowance taken on such property to the extent of
25 the amount of the credit.

26 *c.* This subsection is repealed on January 1, 2025.

27 Sec. 5. APPLICABILITY DATE. This Act applies to tax years
28 beginning on or after January 1, 2017.

29 EXPLANATION

30 The inclusion of this explanation does not constitute agreement with
31 the explanation's substance by the members of the general assembly.

32 This bill creates an alternative fuel vehicle facility
33 tax credit for an electric vehicle facility, a (compressed)
34 natural gas vehicle facility, and a liquid propane gas vehicle
35 facility. The tax credit is administered by the department of

1 revenue. A taxpayer may claim the tax credit for an electric
2 vehicle facility on an agricultural, commercial, or residential
3 basis and may claim the tax credit for a natural gas facility
4 or liquid propane gas facility on an agricultural or commercial
5 basis. The amount of the tax credit that a taxpayer may claim
6 is limited to 30 percent of the cost of purchasing and 30
7 percent of the cost of installing the facility. A taxpayer
8 claiming the tax credit on a residential basis must claim the
9 entire tax credit for the tax year in which the facility was
10 installed. The taxpayer must install the facility between
11 January 1, 2017, and December 31, 2019. The aggregate amount
12 of tax credit certificates that may be issued cannot exceed
13 a total amount of \$5 million for all tax years that the tax
14 credit is available. That total amount is divided into three
15 reserved amounts: (1) \$2 million allocated for electric
16 vehicle facilities, (2) \$2 million allocated for natural gas
17 facilities, and (3) \$1 million allocated for liquid propane gas
18 facilities.

19 The department is to issue tax credit certificates on a
20 first-come, first-served basis. If moneys are no longer
21 available from a reserved amount, the taxpayer's application
22 for a tax credit certificate is to be placed on a waitlist. On
23 and after January 1, 2019, the aggregate amount of tax credit
24 certificates that have not been issued to taxpayers for liquid
25 propane gas vehicle facilities are available to be issued to
26 taxpayers for installations of all alternative fuel vehicle
27 facilities completed between January 1, 2017, and December
28 31, 2019. If a taxpayer's application for a tax credit
29 certificate was placed on a wait list, the taxpayer must claim
30 the tax credit beginning with the tax year that the tax credit
31 certificate is issued. The department must accept and approve
32 eligible applications for tax credit certificates on and after
33 May 1, 2017. However, the department cannot issue a tax credit
34 certificate to a taxpayer prior to July 1, 2017, and a taxpayer
35 cannot claim the tax credit prior to September 1, 2017.